

Date: [Date]

Policyholder Name: [Company Name]

Policy Number: [Policy Number]

Effective Date of Cancellation: [Date]

RE: NOTICE OF CANCELLATION DUE TO PAYROLL MISREPRESENTATION

Dear [Name of Insured],

This letter serves as formal notice that your Workers' Compensation insurance policy, listed above, is being cancelled effective [Cancellation Date] at [Time, e.g., 12:01 AM].

This action is being taken due to material misrepresentation regarding your company's payroll reporting. Specifically, our recent [Audit/Investigation] found the following discrepancies:

- Reported Payroll: \$[Amount]
- Actual Discovered Payroll: \$[Amount]
- Underreported Amount: \$[Amount]
- Description of Misrepresentation: [Briefly state details, e.g., failure to report sub-contractors or misclassification of employees]

Under the terms of your policy and state insurance regulations, providing false or misleading information regarding payroll is grounds for immediate termination of coverage. Failure to report accurate payroll prevents the proper calculation of premiums and constitutes a breach of the insurance contract.

Please be advised that any workplace injuries occurring after the effective date of cancellation will not be covered by this policy. You are required by law to maintain Workers' Compensation insurance for your employees; therefore, you should seek alternative coverage immediately to avoid legal penalties.

A final audit will be conducted to determine the earned premium for the period the policy was in force. You will receive a separate invoice for any outstanding balance due.

If you believe this decision has been made in error, you may submit a written appeal along with supporting documentation to our underwriting department within [Number] days of receiving this notice.

Sincerely,

[Your Name/Authorized Representative]

[Insurance Company Name]

[Contact Phone Number]